

the law in effect prior to January 1, 1980, but not lower than the standards used in the calculation of rates for the certificates. The minimum standards of valuation for certificates issued on or after January 1, 1980, shall be those provided for life insurance companies.

Sec. 6. Sections five hundred twelve point fifty-seven (512.57) and five hundred twelve point fifty-eight (512.58), Code 1979, are repealed.

Sec. 7. This Act takes effect January 1, 1980.

Approved April 2, 1979

CHAPTER 125

LIFE INSURANCE INVESTMENTS

H. F. 460

AN ACT to authorize life insurance companies and associations under chapter five hundred eleven (511) of the Code to invest in fixed interest-bearing obligations of certain financial companies and obligations of foreign governments, subject to certain limitations.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section five hundred eleven point eight (511.8), subsection five (5), paragraph a, Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, with respect to fixed interest-bearing obligations which are issued, assumed or guaranteed by a financial company, the net earnings by the financial company available for its fixed charges for the period of five fiscal years preceding the date of acquisition of the obligations by the insurance company shall have averaged per year not less than one and one-fourth times such average annual fixed charges of the issuing, assuming or guaranteeing financial company applicable to such period, and, during at least one of the last two years of the period, its net earnings shall have been not less than one and one-fourth times its fixed charges for such year; or if, at the date of acquisition, the obligations are adequately secured and speculative elements are not predominant in their investment qualities and characteristics. As used in this paragraph, "financial company" means a corporation which on the average over its last five fiscal years preceding the date of acquisition of its obligations by the insurer, has had at least fifty percent of its net income, including income derived from subsidiaries, derived from the business of wholesale, retail, installment, mortgage, commercial, industrial or consumer financing, or from banking or factoring, or from similar or related lines of business.

Sec. 2. Section five hundred eleven point eight (511.8), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. OTHER FOREIGN GOVERNMENT OR CORPORATE OBLIGATIONS. Bonds or other evidences of indebtedness, not to include currency, issued, assumed or guaranteed by a foreign government other than Canada, or by a corporation incorporated under the laws of a foreign government other than Canada. Any such governmental obligations must be valid, legally authorized and issued. Any such corporate obligations must meet the qualifications established in subsection five (5) of this section for bonds and other evidences of indebtedness issued, assumed, or guaranteed by a corporation incorporated under the laws of the United States or the Dominion of Canada. Foreign investments authorized by this subsection are not eligible in excess of one percent of the legal reserve of the life insurance company or association.

Eligible investments in foreign obligations under this subsection are limited to the types of obligations specifically referred to in this subsection. This subsection in no way limits or restricts investments in Canadian obligations and securities specifically authorized in other subsections of this section.

This subsection shall not authorize investment in evidences of indebtedness issued, assumed, or guaranteed by a foreign government which engages in a consistent pattern of gross violations of human rights.

Sec. 3. This Act takes effect January first following its enactment.

Approved June 6, 1979

CHAPTER 126

UNITED STATES FARM CREDIT SYSTEM INVESTMENTS

H. F. 395

AN ACT relating to investments in obligations of the United States farm credit system by persons whose investments are restricted by the laws of this state.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section five hundred fifteen point thirty-five (515.35), subsection one (1), Code 1979, is amended to read as follows:

1. FEDERAL AND TERRITORIAL OBLIGATIONS. Bonds or other evidences of indebtedness issued or guaranteed by the United States, ~~federal-farm-loan-bonds notes or other obligations, issued by federal land banks, federal intermediate credit banks, banks for cooperatives, or any of~~*all of the federal farm credit banks, federal home loan bank bonds, home owners' loan corporation bonds, bonds, notes or obligations representing loans and advances of credit which are eligible for insurance by the federal housing administrator, and bonds, notes or obligations secured by real property or leasehold which the federal housing administrator has insured or has committed himself or herself to insure or debentures issued by such administrator.

*According to enrolled Act